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(WASHINGTON, DC) -- Today, Congressman Russ Carnahan (MO-3) will vote for H.R. 2669, the College Cost Reduction Act of 2007. This legislation, poised to pass the House, is the largest investment in higher education since the GI bill, and would boost scholarships and reduce loan costs at no new taxpayer expense.

H.R. 2669 would boost college financial aid by about \$18 billion over the next five years. This legislation will provide an increase of \$340,000,000 in loan and Pell aid to students and families over five years in Missouri. The legislation pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry. It also includes nearly \$1 billion in federal budget deficit reduction. The Senate is expected to vote on similar legislation this month.

"Since my election to Congress, I have been committed to making college more affordable," Carnahan said. "Having taken out student loans to pay for my own education, I fully understand the stress and financial strain that the cost of college places on students and their families."

College costs have grown nearly 40 percent in the last five years, and students are graduating from college with more debt than ever before. In Missouri, the debt of a typical need-based student loan borrower at a 4-year public school is \$13, 305.

"H.R. 2669 makes an historic investment in America's college students, our economic competitiveness, and our future, while maintaining fiscal responsibility," Carnahan said. "For far too long, students and their families have struggled with the rising costs of college; this legislation will provide financial relief that is long overdue."

Under the legislation, the maximum value of the Pell Grant scholarship would increase by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would reach \$4,900 in 2008 and \$5,200 in 2011, up from \$4,050 in 2006, thus restoring the Pell's purchasing power. About 6

million low- and moderate-income students would benefit from this increase.

The legislation would cut interest rates in half on need-based student loans, reducing the cost of those loans for millions of student borrowers. Like legislation passed by the House earlier this year, the College Cost Reduction Act would cut interest rates from 6.8 percent to 3.4 percent in equal steps over the next five years. Once fully phased-in, this would save the typical student borrower – with \$13,800 in need-based student loan debt – \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year, and 82,921 of these students are Missourians.

The legislation would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 20 years.

The College Cost Reduction Act includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

- Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools;
- Loan forgiveness for college graduates that go into public service professions;
- Increased federal loan limits so that students won't have to rely as heavily on costlier private loans.